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**NORGOLD**  
**MINES LIMITED**

165 UNIVERSITY AVENUE  
TORONTO 1, ONTARIO

June 14, 1966

Dear Shareholder:

I am very pleased to inform you that as a result of the recently completed induced polarization survey on our property in the exciting Pine Point area of the Northwest Territories a contract has been signed for a drilling program. Men and equipment are now on the property, six drill targets are being pinpointed and actual drilling will commence later this week.

We have exercised our option and acquired the 16 original claims and have extended the area under our control by staking 14 additional adjacent claims.

An induced polarization survey of these newly staked claims is presently being conducted to locate any other drill targets.

As you are aware, from our last progress report to you, our property is to the west of Pine Point Mines, now in highly successful production. The favourable Presqu'île dolomite formation which generally dominates what is known as "the Pine Point Camp", and which is the ore bearing horizon in which all Pine Point area discoveries to date have been made, is projected to underlie our property at a depth of 500 to 550 ft. Our consulting geologist, H. H. Sutherland, P.Eng., reports that the interlying beds between the Presqu'île beds and the surface cannot be considered to be barren on the knowledge available to date. It is our intention to probe the formation with our drilling program.

As a result of the recently completed induced polarization survey on the original 16 claim group, together with additional checking of anomalous zones, Mr. Sutherland gave the following recommendations and conclusions in his report to us:

"Six anomalies of definite validity were located and remain valid on detailed checking. Two further checks will be made to more accurately establish location and depth of targets.

"The possibility of economic zinc and lead ore zones causing the anomalies is sufficiently valid that drilling tenders have been called and a drilling program of six holes, 3,000 feet, is planned. It is estimated that this will cost approximately \$30,000.

"Due to adverse conditions of contact and low resistivity, the detail and balance of the reconnaissance survey will be delayed until after break-up. It is very evident the property has a good potential and strong possibilities of mineral being present, and therefore the option should be exercised and the clear title acquired."

I have informed you in the opening paragraphs that these recommendations have been implemented: clear title to the original claims has been acquired, further detail checks were made confirming the validity of three of the anomalies and the remaining three are still being checked. Finally, a contract has been completed for a diamond drilling program which is now getting underway.

It is encouraging to note that the nature of the anomalies on our property is almost identical to those found (using the same instruments) in the State of Wisconsin, which were proven to be caused by ore grade zinc.

At this point let me also say that we are well financed to carry out the exploration and diamond drilling programs recommended by our mining consultants, as we have approximately \$100,000 working capital in the company treasury.

Because of the potential of our present exploration program I think it is pertinent in this report to bring you up to date on some of the other recent developments in the Pine Point Camp which, while they do not bear directly on your Company's property, nevertheless indicate the level of interest and activity throughout the area. I think it should be noted that in terms of being an active exploration area, the Pine Point Camp is considerably less than a year old, having first come into public prominence last October-November with the discovery by Pyramid Mining Company.

Recently it has been reported that impressive drilling results have been obtained by the Conwest - Newconex - Central Patricia team, drilling on a property adjoining the northeasterly end of Pine Point Mines. According to the report on this drilling in The Northern Miner of June 2, one intersection returned 51 feet, starting at 218 feet in a vertical hole, which averaged 10% zinc and 3.5% lead. An additional 14 feet averaged 17.3% zinc and 3.1% lead, giving a total intersection of 65 feet averaging 11.5% zinc and 3.4% lead. Another hole spotted centrally in an induced polarization anomaly returned 26.5 feet which assayed 19.8% zinc and 6.6% lead. The report stated that the Conwest group, pleased with these results, has ordered in a second drill rig.

In another very interesting development, for the information of those of you who may have missed it in the press, the Pyramid property, which started the current Pine

Point exploration boom, has been sold to Pine Point Mines in return for shares of the company currently valued at \$33,000,000. Also Pine Point Mines itself has just declared a dividend of \$3.00 per share.

With the approach of favourable exploration weather, in addition to our own aggressive exploration programs, I think we can look forward to some vigorous activity in the Pine Point Camp during the summer months.

One further point of interest to you, as a shareholder: recent reports indicate that interest in the Elliot Lake uranium camp has been picking up of late, especially with the entry into the camp recently of the Kerr-McGee Corp. of Oklahoma, said to be one of the largest producers of uranium in the United States. According to a report in The Northern Miner of May 5, this U.S. firm has acquired 450 claims, while 800 new claims have been recorded by others in recent weeks.

I mention this because of the property we continue to hold in good standing in this locality and which, following a recent reappraisal, we were advised to "jealously protect" by our mining consultants. We are doing just that.

Once the drilling program begins this week on the Pine Point property, we will keep you informed of progress and results . . . and we can now all hope that the potential indicated in the induced polarization report will be realized.

On Behalf of the Board of Directors,

"COL. E. G. READE,"

President.